

# THE MAYOR'S STATE OF THE CITY MEMPHIS • 2015

11 a.m., Thursday, January 29, 2015  
Hattiloo Theatre, 37 South Cooper

Let me begin by saying thank you to each and every one of you for joining me to discuss the state of Memphis – to reflect upon who we are as a people and discuss where we are headed as a city. Today, we celebrate our successes, focus on our future and reaffirm our commitment to making Memphis reach its full potential.

2014 was an incredible year for our city. Week after week, we found reason to be proud of Memphis. The work in the Edge District and our Medical Center continuously drew national attention. Fortune Magazine said we are one of the best cities economically for African Americans. Forbes Magazine named us one of the happiest places for job-seeking college graduates. Kiplinger praised our lower cost of living, and we were touted as one of the nation's top 5 places for retirees. Forbes Magazine highlighted us again as one of the best cities for minority entrepreneurs. CNN Money named us one of the Top 10 cities to launch a startup. Our homeless program became a national model and was heralded for reducing homelessness by 21% and chronic homelessness by 39% in two short years.

*And let's not forget about our grit and grind. Our University of Memphis football program proved that class and winning are not mutually exclusive after Coach Fuentes led the team to win the Miami Beach Bowl game and enter the Top 25 teams in the nation.*

*Our Grizzlies continue to make fans all over the country fall in love with Memphis.*

In 2014, our city was recognized around the nation for the RIGHT reasons. 2015 will be no different. This is the year when all the momentum we have created and the unique partnerships we have forged will converge to make this a transformative year for our great city.

For this reason, I can say with certainty that the state of the city is sound and strong.

Our passion... our energy that has made Memphis so attractive to the young and the old – you're sure to feel it all around you right here in Overton Square. We're currently in one of the city's most magnificent venues and one of the country's best black repertory theatres. Hattiloo Theatre, the restaurants, small businesses, and non-profit organizations throughout this neighborhood are an eclectic example of what happens when the City of Memphis takes an innovative, active, and assertive role in shaping our future.

Emerging from the recession, it became clear to me that city government could not afford business as usual. It had to change course, it had to invite more people in to have a voice in decision-making, it had to welcome people to move into Memphis rather than encouraging them to move out, it had to be more accountable, and it had to rebuild the damage done by the recession job by job, opportunity by opportunity, and neighborhood by neighborhood.

I am proud of the tangible results that we can point to as evidence of our progress, and I am equally proud of the intangible: how we have acted as a calming, mature, and stabilizing force at a time when our self-confidence could have shattered, we could have accepted predictions of gloom and doom, and we could have joined those on the mourner's bench who can only criticize and complain.

One of the biggest threats to the future of this City involves our City's finances. Faced with a shrinking property tax base, \$550 million unfunded liability in our pension fund and \$1.3 billion in OPEB, and a change in state law requiring that we address our unfunded liabilities , we had to make some tough choices.

We had to put our financial house in order. Over the past year, this administration proposed, and the City Council passed, historic legislation that has put us back on track. We are creating a clean balance sheet, a City that is in the best financial condition possible to hand to the next generation.

We are building a firm financial foundation by tackling the City's two biggest liabilities OPEB and Pension debts. We've done this by reforming healthcare and our pension plan. By doing so we brought down our liabilities, and at the same time increased our reserves to more than \$82 million, which allows us to make an \$8 million cash payment on the school funding settlement.

We made these prudent financial changes while:

- maintaining service levels
- without raising taxes
- decreasing spending
- avoiding mass layoffs
- and providing affordable healthcare options for employees

No other City in the United States has accomplished what we've have done. We are at the top of the list of Cities proactively dealing with fiscal challenges and changing our financial trajectory.

We still have unfunded liabilities, but thanks to the reforms made, it is no longer growing. We are doubling the amount we are paying annually to bring down our unfunded pension and OPEB liabilities.

Tackling our financial challenges was paramount because it better positions us to:

- invest in our youth
- attract jobs
- revitalize neighborhoods

- adequately fund police and fire departments
- provide a competitive employee benefits package that does not drain limited resources
- maintain our AA credit rating
- comply with state requirements regarding unfunded liabilities and
- invest in tourism amenities that will generate sales tax revenue

It might have been politically expedient to delay a decision on these critical financial issues, or to quote the pundits, to kick the can down the road. But that would have made us poor stewards of the public's resources, because delay was not in the long-term best interest of Memphis taxpayers and it certainly was not in the interest of the next generation who would have paid dearly for our lack of courage.

While some may seek political advantage with the pretense that we could have ignored the city's financial straits and not taken strong action, it is readily apparent that they have no answer to the real question: How?

We made tough decisions to ensure that city government can do what it was created to do in the first place: to efficiently deliver vital services that are needed by our people and to create the climate that makes Memphis more competitive for jobs and investment.

Because we took this path, we begin this new year with new jobs created by best-in-class companies like Electrolux, Mitsubishi, Target, Ikea, FedEx, Cummins, and Nike; with a portfolio of city projects that provide 5,000 construction jobs and 5,000 permanent jobs; with new policies and programs that

made city government more efficient and took it back from the fiscal cliff; with innovative approaches to fighting crime; with programs to give our youth productive options for their lives; and with programs that are removing blight from our commercial corridors and neighborhoods.

As much as anything, in the aftermath of the recession, we sent the unmistakable message to the rest of the country that Memphis is worth fighting for. We sued one of the largest banks in the world for the predatory lending that had devastated so many Memphians.

And we won. The settlement infused \$425 million into Memphis for home loans, \$3 million for economic development, and \$4.5 million for property improvements and community grants.

While fighting for fairness on one hand, we were fighting to create jobs on the other, because we knew it would take years for our economy to recover and create the number of jobs that we needed. The results can be seen at The Pyramid, AutoZone Park, Tiger Lane, Sears Crosstown, Broad Avenue, American Queen, Overton Square, Hattiloo Theatre, and in plans for the Fairgrounds and Pinch Historic District.

These \$776 million in new projects were conceived by city government or were dependent on city government's full partnership to succeed. But, as we began, we knew that we could not increase the city's debt or its tax rate, and that's why we have been more creative in our financial plans than any city in the country.

Here's the headline: City of Memphis has created \$776 million in job-creating, economy-expanding projects with only \$26 million in CIP funding. Put another way, every dollar of CIP funding from Memphis taxpayers leveraged a \$30 return in funding from other sources, notably from the private sector, creating an annual economic impact of \$467 million a year.

Ultimately, investments by a private developer and positive responses from the marketplace will determine if the Fairgrounds and the Pinch redevelopments take place. That is as it should be, but we are optimistic that we will take advantage of the Bass Pro effect to revitalize the Pinch while realizing the 20-year dream for Memphis to become a national youth sports center that creates 1,700 jobs at the Fairgrounds while also improving the lives of our own young people.

Meanwhile, there's no reason for City of Memphis to get the blues on Beale Street. That historic district is now within the complete control of city government for the first time in 30 years, and already, we have money in the bank.

Beale Street is Tennessee's top tourism attraction and it has been named by U.S.A. Today as America's Most Iconic Street. It represents Memphis to millions of visitors to our city, and we now have the opportunity for it to meet its full destiny on the west to the river and to the east toward Heritage Trails.

To pursue this vision, I have proposed a nonpolitical public authority to be in charge of the development and management of a street that is not only historic for Memphis, but for the entire nation. This new structure is modeled after the Airport Authority, and I look forward to City Council approval so we can move

assertively to make sure Beale Street lives up to its potential for growth and expansion and the attraction of private capital investments.

In addition to Beale Street, we are heavily involved in projects that strengthen the backbone of our city – our neighborhoods in places like Graves/Fairway Manor, Melrose Place, Bickford Square, Magnolia Terrace, McKinley Park, and SMA Laundromat. They are but a few of the dozens of projects and properties in 27 neighborhoods throughout Memphis where businesses are being created, physical conditions are being improved, and affordable housing is being created.

We have demolished 452 dilapidated properties in the last six months of 2014, including large apartment complexes like Winchester Garden and eyesores like the long-vacant Executive Inn. We are optimistic that our Choice Neighborhoods application for federal funding will allow us to redevelop Foote Homes, our city's last traditional large-scale housing project, while leveraging that neighborhood's rich history and heritage as vehicles for community development.

In addition, Elvis Presley Boulevard is being improved to restore it as the economic artery that it should be for Whitehaven and our MEMFix program is showing what is possible when neighborhoods are given the opportunity to work with city government to shape their own priorities and plans for the future. At Crosstown, University District, South Memphis, and the Edge District, MEMFix has activated more than 20 vacant store fronts and reintroduced more than 17,000 people to these often forgotten and overlooked Memphis neighborhoods.

We are also in the process of creating Towncenters at Raleigh, Soulsville, and Southbrook to help stabilize, revitalize, and reenergize these key



neighborhoods by filling documented gaps in retail and investing in needed public service improvements.

*With this new activity and new attitude, we have put Memphis on the national radar, attracting help and money from the White House, national foundations, and national think tanks.*

*We won the competition to become one of the first cities in the White House's Strong Cities, Strong Communities programs, we won millions of dollars to drive innovation in government, we received national grants to develop a necklace of trails, parks, and bike lanes that did not exist only a few years ago, and it's a rare month when I am not called by a foundation asking how they can be part of the Memphis story.*

Just last year, we added another 16 miles of bike lanes and trails to a citywide network that now totals 190 miles and within two to three years will be 300 miles.

In other words, from the dark days following the Great Recession, we have emerged strong and confident and prepared for a bright future.

The unemployment rate has been going down since 2009 and job losses peaked in 2010; we were ranked in the top cities with the largest increase in college graduates, in the top 30 for the largest increase in high-tech GDP growth.

In recent years, we've attracted more people with bachelors and advanced degrees than Atlanta, and just a few weeks ago, the Federal Reserve predicted 10,000 new jobs this year.

*And if you ever question whether Memphis remains the economic heart of this region, just consider that 165,000 people commute into our city every day to go to work and earn their paychecks. Many come from places where the tax burden is much higher – by the way, Memphis isn't in the top 15 for highest tax burden in our region – and with the investments we are making and the progress we are showing, we expect more of them to choose Memphis in the years ahead.*

These are just a few of the strong indicators that our city is headed in the right direction.

We continue to implement the comprehensive recommendations of our five-year financial and management plan so that we remain laser-focused on our pledge that every dollar in tax money produces a dollar's worth of value to the taxpayers who provide it.

The most dramatic evidence of our success is this: today, there are 662 fewer employees in city government than there were just three and a half years ago. Based on the average salary and benefits for a city employee, this amounts to a cumulative savings of about \$66 million so far and equals about \$31 million a year.

Let me say that again: the city workforce has been reduced 11 percent... and we did it through attrition and without citywide layoffs and firings.

Improvements we have made to the operations of city government are too numerous to mention, but our motivating goal is to make city services more accountable and city operations more customer-friendly.

We established a 3-1-1 system and backed it up with a new performance management office that is setting clear goals that are communicated to the public, setting benchmarks for success, and holding managers accountable for results.

*Yes, we still have serious challenges, but we face them with the renewed confidence that comes from success that inspires us to aim higher with the courage that our innovative strategies and new philosophy of government are working and that the momentum we have begun are propelling us an even brighter future.*

Too often, in politics, the focus is on the short-term. Each of the tough decisions made were with an eye on the long-term future of this city. With that in mind, we will have three overriding priorities for the coming year: fighting crime and blight, creating economic opportunity and reducing poverty, and changing the culture of city government.

Our number one priority never changes: safer communities.

We have made strides in reducing domestic violence, assaults, drug violations, and property crimes, but the murder rate remains stubbornly high.

This is the most difficult violent crime to combat because most often it stems from a personal conflict or arguments between friends and family. Despite this, Memphis Police Department is using new tactics to deal with the spike in homicides.

At the same time, we are working with neighborhood leaders across Memphis, particularly those in the urban core where most violent crimes occur, to take action at the grassroots level to reduce crimes in their neighborhoods. To this end, we are emphasizing old-fashioned community policing, and new, cutting edge technology.

We are adding in-car video, automatic vehicle location, and body cameras this year, and we will also hold mandatory community meetings at our nine precincts to discuss community policing, crime fighting initiatives, budgets and Blue Crush as we attack hot spots and create the kind of neighborhood-based preventions that pay big dividends.

We have taken action on all fronts. We have increased the budget for Memphis Police Department by nearly \$40 million, we have intensified our anti-gang programs, we have supported tougher sentences for violent crimes, we have targeted crimes in apartment complexes, and we are fighting gun crimes by young offenders.

We will be graduating a new class of police officers in just a few weeks and we have another class planned for July as we move toward the optimal force of 2,500 commissioned officers. Our overriding aim is to get more law officers on patrol on our streets where they can deter, intervene, and suppress crime at the

neighborhood level. We are particularly pleased that in recent months, City Council has joined us in supporting more officers on the street.

In the coming year, we will again ask City Council for additional funding to expand our Gun Down program into more neighborhoods. In Gun Down's two target areas, crimes committed with a firearm were reduced 23 percent and 25 percent while they went up slightly citywide. At the same time, violent crimes involving a firearm by offenders younger than 24 are down six percent citywide, but in the target areas, they are down 21 percent and 55 percent.

Our police force deserves credit for these impressive results because our officers have produced these impressive results by balancing suppression with community mobilization and youth interventions. Officers have gone door to door, they have asked the people in neighborhoods what priorities they had, they have developed strategies with them, and they have delivered.

To support this attack on gun crimes, we are working to get higher bail bonds for gun crimes, and will assign additional assistant city attorneys to the prosecutor's office to advocate in court for appropriate higher bonds for persons charged with firearms offenses.

It is critical that we continue to build on our success in crime reduction even after Director Armstrong's departure. Accordingly, I am working with Director Armstrong to ensure an orderly and seamless succession, including a national search supported by the Crime Commission and the International Association of Chiefs of Police. It is critical that we have no break in our data-driven policing efforts and community-oriented policing. Director Armstrong and I began these discussions at the same time he advised me he was entering the

DROP plan. We will also continue our strategic realignment of the police division to ensure that commissioned and armed officers are actually in the streets.

In only a few months, our new strategies in our Youth Violence Plan are attracting support and producing results. Thanks to a \$800,000 grant, we are expanding our 901 Bloc Squad, an outreach team that is successfully combating violent crime among young people 14 to 25 years old.

At the same time, we have proposed amendments to state law that would reduce the weekend curfew for 17 years old from midnight to 11:30. Under current state law, police have only two options for a curfew violation – to take a young person to Juvenile Court or home. This proposed change gives police officers another option – to take them to community safety centers to be established in various neighborhoods.

The most effective way to prevent youths from turning to crime is proper parenting and high quality education. I can't emphasize enough the importance of a good education for every child in this city, beginning with universal Pre-K. One of the reasons I pushed so hard to settle the long-running litigation with Shelby County Schools was so that those funds would be available for the local Pre-K initiative. Sound Pre-K is essential to school success.

In addition to supporting Pre-K, we are partnering with the schools to ensure that all closed school buildings are maintained for useful community purposes.

Regarding the need for better parenting for our children, just last week in partnership with the Adverse Childhood Experiences Center, we announced the

launch of two Universal Parenting Places. These parenting centers are a major breakthrough because they give us the opportunity to directly intervene in families to address any issues that contribute to problems with youths and to talk directly with parents about the resources and services they need for effective parenting.

In support of this goal, the grand opening for the Memphis Public Library and Information Center's \$2 million Teen Learning Lab will be held next month at the Benjamin Hooks Central Library. There, youth can engage with technology and digital media to create videos, music, and video games, but in addition, there will be pop-up digital centers at each of the library's branches.

Making these opportunities available helps steer our children away from crime and violence, as will creating clean pathways to and from our city's schools and eliminating dense pockets of abandoned, decaying, and vacant properties that encourage crime and sends the message that no one cares or is watching out for them. Many of these blighted properties are tax delinquent and even more are simply vacant with no chance of ever being occupied again so they sit there, undermining neighborhood pride and quality of life.

Our new programs to attack blight are working, and we are already pursuing new ways to rescue these stranded economic assets, to renovate the ones that can be put back on the tax rolls, and to rid the neighborhoods of those that are beyond hope.

We have served notice that we have zero tolerance for blight. Actually, we have served more than 700 notices in the form of that many lawsuits since 2010 against the owners of vacant and derelict structures in our neighborhoods. Every month, about a dozen new lawsuits are filed, and these cases are always closed with either the full rehabilitation or demolition of a long derelict structure.

We lobbied hard for the changes in state law last year that give us even more power to aggressively fight blight, and the removal of the Executive Inn near Memphis International Airport was a headline-getting example of how we are using this law. But it is just the beginning.

As a result of our success in attacking blight, we launched the Neighborhood Preservation Clinic with the University of Memphis Law School, and today, there are eight third year law students arguing our cases in Environmental Court and greatly expanding our reach to rid blight in Memphis.

As we work in court to remove blight, we are also working on the ground. For example, in just the last three months of 2014, more than 22,000 vacant properties have been mowed and cleared. To complement this program, City Beautiful also has added a mobile unit that loans tools to citizens who want to improve a minimum of 10 properties on the same city block.

In many neighborhoods, blight takes the form of illegal dumping. To address this nagging problem, seven high-tech cameras have been installed at sites across the city, and they are supplemented with one camera on a mobile platform. All of these cameras are connected to the Real Time Crime Center as one more element of our zero tolerance for blight in our city.



So many of the challenges in Memphis stem from our region's high poverty rate, which is unquestionably our most intransigent problem. To address it, we have developed the Blueprint for Prosperity, which will reduce the poverty rate by 10 points in 10 years.

It is already attracting national attention, and in the coming six months, I will be asking you to help us move our bold initiatives ahead. Unlike other plans in other cities, the Blueprint is focused on increasing financial security and wealth. Through this lens, we are concentrating on four elements of success: jobs, expenses, access, and opportunity.

We have been carefully laying a strong foundation for this plan with key partners involving Governor Haslam and his cabinet, University of Memphis, nonprofit leaders, national experts, and service providers. Soon, you will be hearing much more about this new paradigm for how we fight poverty and increase opportunity in Memphis.

Few priorities are more important in fighting poverty and increasing opportunity than minority business development. Without a clear national priority or plan to support minority and women-owned businesses and to expand their business receipts, this responsibility falls to local governments like ours.

While Memphis has a greater percentage of its businesses owned by African Americans than Atlanta and about the same percentage owned by

women, and while our minority firms with employees have more receipts than St. Louis and Birmingham, we have to do better.

In recent years, City Council and I have discussed many times the importance of these businesses to our economic future and we are united in the goal of Memphis becoming a national leader in minority business development. To achieve this critical objective, I have asked the City Council Chairman Myron Lowery to join me in creating a committee to lay the groundwork for creating a new division of City government to be known as the Division of Minority Business Services – and ensuring that this initiative is put before voters to approve a referendum to amend the city charter at the earliest opportunity.

If approved, this division would make minority business development a cabinet level priority and function. It would manage all city agencies and services related to minority businesses and create partnerships with all city agencies like Memphis Light Gas and Water, Memphis Area Transit Authority, Memphis Housing Authority, EDGE and recipients of city grants. In addition, it will be a full partner in minority business development with nonprofit organizations like the Greater Memphis Chamber and Memphis Tomorrow as we mobilize the collective impact that has produced so many results in other areas.

In other words, this division will be the City of Memphis hub for city services and it will develop a fine-tuned, assertive, and accountable program within city government while driving innovative strategies by external organizations and the private sector.

It is simply unacceptable that only about one percent of total business receipts in Memphis are with minority businesses. Our ultimate goal as a result is

to put in place a process that is just as entrepreneurial as the entrepreneurs we hope to create and support. That is precisely what this new division will do.

As we move ahead, I will continue to focus on results rather than politics and on policies rather than personalities. I will continue to fight for lower crime rates, more and better jobs, more minority businesses, fewer families in poverty, stronger neighborhoods, and a city government whose fiscal house is in order. When possible, we will seek local funding for many of our initiatives, and we will not allow the lack of local funds to stand in the way of our critical initiatives. Just as we took the \$4.5 million grant from Bloomberg Philanthropies and used it to raise an additional \$4.6 million in public and private fund, we will do the same to ensure funding for those projects that help keep our city safe and vibrant.

In closing, I want to remind you that at this time last year, I promised to focus on the five P's: potholes, pensions, public safety, poverty and the plan. I've already made note of significant progress made on the plan, pension, public safety and poverty. Regarding potholes: we have increased our street maintenance crews and repaired more than 15,000 potholes in the past 90 days alone, an increase of nearly 50% over the previous same time period and we will be well positioned to do more upon delivery of the two new high-tech Pro-Patch trucks coming this spring.

Going forward, rest assured that crime and blight, opportunity and prosperity, and high-performing government are our leading priorities for 2015. And I know I can count on your support as we move closer to our goal of Making Memphis a City of Choice.

We have Memphis moving in the right direction and we cannot squander this moment in our history. There is no time in the modern history of Memphis when city government, nonprofit organizations, philanthropies, and the private sector have been more aligned than we are today in support of a shared commitment to new solutions to our toughest problems.

Every one of you in this theater today has been a part of the milestones we have accomplished and the momentum that we have set in motion. Together, we will continue to make a difference and lead Memphis toward a bright future with the confidence that we have turned the corner and are setting a strong, positive course for the future of this great American city.

My sincere thanks to the hard working dedicated members of my administration, our community partners, religious and business leaders and to the great citizens of Memphis who are working with us to keep our city safe and vibrant.

Thank you, have a great afternoon and may God bless our every effort to do what is right for the benefit of every citizen of this great City.